



Application for Business Property Tax Credit

Iowa Code Chapter 426C.3

This application must be filed with the city or county assessor where the property is located by January 15, 2014 for credit on taxes payable 2014-2015. The deadline is March 15, 2015, and each year thereafter, for credit on taxes payable 2015-2016, and thereafter.

Applicant Contact Information

PLEASE PRINT

Name: _____

Phone Number: _____ eMail: _____

Date: _____ Year Applicable: _____

Jurisdiction: _____

Owner's Name: _____

Parcel Number(s): _____
(attach additional sheets if necessary) _____

Property Address: _____

I certify that this parcel, or property unit, as defined in Iowa Code section 426C.1, is classified and taxed as commercial, industrial, or railway property under chapter 434. I certify that the property is not rented or leased to low-income individuals or families as authorized by section 42 of the Internal Revenue Code.

I certify that the property/property unit indicated above is not a mobile home park, manufactured home community, land-leased community, or assisted living facility, as those terms are defined in section 441.21, subsection 13, or property primarily used or intended for human habitation containing three or more separate dwelling units and not eligible for the credit.

I certify the property unit identified above is eligible for the credit.

Signed: _____ Date: _____

Written notification must be given to the assessor if this property unit ceases to qualify for the credit.

Office Use Only:

Assessor or Authorized Representative

I recommend that the application be: ☐ allowed ☐ disallowed.

Signed: _____ Date: _____

Board of Supervisors

☐ allowed ☐ disallowed

Date: _____

County #

Year of Application

Unit #

of Parcels

Sequence

Business Property Tax Credit Form SF 295 – Passed in 2013

Sec. 3. NEW SECTION. 426C.1 Definitions. For the purposes of this chapter, unless the context otherwise requires:

1. *“Contiguous parcels”* means any of the following: *a.* Parcels that share a common boundary. *b.* Parcels within the same building or structure regardless of whether the parcels share a common boundary. *c.* Permanent improvements to the land that are situated on one or more parcels of land that are assessed and taxed separately from the permanent improvements if the parcels of land upon which the permanent improvements are situated share a common boundary.
2. *“Department”* means the department of revenue.
3. *“Fund”* means the business property tax credit fund created in section 426C.2.
4. *“Parcel”* means as defined in section 445.1 and, for purposes of business property tax credits claimed for fiscal years beginning on or after January 1, 2016, *“parcel”* also means that portion of a parcel assigned to be commercial property, industrial property, or railway property under chapter 434 pursuant to section 441.21, subsection 13, paragraph *“c”*.
5. *“Property unit”* means contiguous parcels all of which are located within the same county, with the same property tax classification, are owned by the same person, and are operated by that person for a common use and purpose.

Summary of Sec. 5. NEW SECTION. 426C.3 Claims for credit.

- This form may be filed by a “Person” which under Iowa law is defined as an Individual, Corporation, Limited Liability Company, Government, Government Subdivision or Agency, Business Trust, Estate, Trust, Partnership or Association or any other legal entity.
- Tax credit claims must be filed on or before January 15, 2014 for the first year, and not later than March 15 proceeding the fiscal year when the taxes associated with the claim are due and payable.
- The assessor remits the claims for credit to the county auditor with the assessor’s recommendation for allowance or disallowance. If disallowance is recommended, the assessor shall submit the reasons for the recommendation, in writing, to the county auditor.
- The county auditor forwards the claims and recommendations to the board of supervisors.
- The board shall allow or disallow the claims.
- If the claim for the tax credit is allowed, it continues to be allowed on the parcel or property for successive years as long as the parcel or property unit satisfies the requirements for the credit.
- If the parcel or property unit no longer qualifies for the credit, the owner shall provide written notice to the assessor on or before the filing date after the date the property ceases to be qualified for the credit.
- If all or a portion of a parcel or property unit that is allowed a credit is sold, transferred, or ownership otherwise changes, the buyer, transferee, or new owner who wishes to receive the credit must refile the claim for credit. In addition, the owner of the portion of the parcel or property unit for which ownership did not change shall refile the claim for credit as well.

Summary of Sec. 6. NEW SECTION. 426C.4 Eligibility and amount of credit.

- A person may claim and receive one credit for each eligible parcel unless the parcel is part of a property unit for which a credit is claimed.
- A person may claim and receive one credit for each property unit. A credit approved for a property unit shall be proportionally allocated to the several parcels within the property unit proportionately based on each parcel’s total amount of property taxes due and payable bears as part of the total amount of property taxes due and payable on the property unit.
- What qualifies as a parcel: parcels classified and taxed as commercial property, industrial property, or railway property under chapter 434 is eligible for a credit under this chapter.
- What qualifies as a property unit: property units are comprised of property assessed as commercial property, industrial property, or railway property under chapter 434, in the same county, with the same classification, owned by the same person, are contiguous as defined in 426C.1, are separate items on a tax list, and are operated by that person for a common use and purpose.
- What **DOES NOT** qualify: (1) Property that is rented or leased and authorized by section 42 of the Internal Revenue Code for the applicable assessment year. (2) For credits claimed for the fiscal year beginning July 1, 2014, and the fiscal year beginning July 1, 2015, property that is a mobile home park, manufactured home community, land-leased community, assisted living facility, as defined in section 441.21, subsection 13, or that is property primarily used or intended for human habitation containing three or more separate dwelling units.



Office of Story County Assessor
Story County Administration Building
900 6th Street
Nevada, Iowa 50201
515-382-7320
wschwickerath@storycounty.com

October 25, 2013

Dear Property Owner:

Please find enclosed the application form for the new "Business Property Tax Credit".

Our office is mailing out the application form so all eligible property owners are made aware of this new law change. The enclosed application has all the necessary basic data pre-filled and all you need to do is sign, date and return the application form to the Story County Assessor's Office by January 15, 2014. You only need to file this application once, as long as you own the property and meet the criteria for this credit.

The only additional information we need is to have you fill in the "Applicant Contact Information" toward the top of the form. We also need you to write on the form to the right of the address area the following information: (This information is needed to verify the "Common Use & Purpose" test which is used to determine the number of units that qualify for the credit).

1. Is this parcel owner occupied or leased?
2. What is the Name of the Business (DBA) operating on this parcel?
3. Are there any apartments located on this property?
4. If so, how many apartments?

This credit was created by the 2013 Iowa Legislative session under Senate File 295 which is described in the new Chapter 426C of the Iowa Code. This credit is available for certain commercial, industrial and railroad properties. The credit does not apply to residential or agricultural classified properties. One credit is available for each qualified unit. A property unit consists of contiguous parcels of the same classification that are owned by the same person, located in the same county and operated by that person for a common use and purpose.

Applications for credit against the 2013 property tax assessments must be received by the Story County Assessor by January 15, 2014. The actual amount of credit each property unit will receive depends in part upon the total value of all property tax units statewide and the average consolidated tax rates in each unit. The credit calculation is designed to spend ninety-eight percent of the amount appropriated by the 2013 Iowa Legislature to the Business Property Tax Credit Fund. The legislature appropriated \$50 million dollars for the 2014-2015 fiscal year, \$100 million dollars for the 2015-2016 fiscal year, and \$125 million for the 2016-2017 fiscal year. The fund is capped at \$125 million dollars. The credit will be deducted from the property taxes owed and shown on your property tax statement beginning with taxes payable in September of 2014 and March of 2015.

The Iowa Legislative Services Agency has estimated that the maximum first year credit amount will be approximately \$523. Your final credit will depend upon how much credit is requested statewide versus the amount that has been appropriated for each fiscal year.

Multi-Residential Classification:

- A. The following types of properties do not qualify for the business tax credit; but will be reclassified to a new class called multi-residential for the January 1, 2015 assessment.
1. Property that is rented or leased under Section 42 Housing;
 2. Hotels/Motels/Inns which are rented for more than 30 days per time
 3. Mobile Home Parks
 4. Manufactured home communities
 5. Land leased communities
 6. Assisted living facilities
 7. Nursing homes
 8. All property defined in 441.21, subsection 13: Property that is primarily used or intended for human habitation containing three (3) or more separate dwelling units. This includes apartment buildings and dwellings converted to three (3) or more apartments which are classified as commercial.

Rollback:

- A. All property classified as commercial, industrial or railroads will be taxed on 95% of the assessed value for 2013 and at 90% of the assessed value for the 2014 assessment. The rollback will remain at 90% of the assessed value after the 2014 year. Currently these classes pay on 100% of their assessed value.
- B. Starting with the January 1, 2015 assessment, all property described above will be classified as multi-residential and will have a rollback factor as follows:
1. 2015 Assessment 86.25% factor
 2. 2016 Assessment 82.50% factor
 3. 2017 Assessment 78.75% factor
 4. 2018 Assessment 75.00% factor
 5. 2019 Assessment 71.25% factor
 6. 2020 Assessment 67.50% factor
 7. 2021 Assessment 63.75% factor
 8. 2022 Assessment = (equals) residential rollback @ that time .
Current residential rollback is 52.81% factor

Multi-Residential-Dual Classification:

- A. Starting January 1, 2015---Portions of properties which contain less than three units which are used or intended to be used for human habitation (and a portion of the land) regardless of the number of units and that is not otherwise classified as residential.

- B. An example of a property with a multi-residential dual classification would be a retail building which has a commercial use on the first floor and two apartments on the second floor. The assessor will be required to separate the commercial value and the residential value on these parcels. The commercial value will pay on the commercial rollback factor (95% for 2013 and 90% for 2014) and the residential value portion will pay on the current residential rollback factor for the year of the application. (Current residential rollback factor is 52.81%). The business tax credit will be credited toward the commercial portion of the total value.

Allowable Growth – Residential & Agricultural Class

- A. Current law allows a taxable valuation growth of 4% for the residential and agricultural class statewide. The new 2013 legislation changed the current allowable growth of 4% to 3% and the two classes will continue to be tied together.

In conclusion, you can see that Senate File 295 is a complex piece of legislation with many changes in the assessment and taxation of commercial, industrial and railroad classed properties. The Iowa Department of Revenue has been working for the past several months with local government agencies to develop the tax credit and valuation process through the tax collection which is associated with this legislation.

The application form and additional information is available on the Story County Assessor's website at www.storycountyiowa.gov/assessor. Click on the button named "Business Tax Credit". This will link you to the application form plus instructions and a link to the Iowa Department of Revenue site which describes additional criteria to qualify for this credit. The direct link to the Iowa Department of Revenue site is <http://www.iowa.gov/tax/locgov/13PTReform.html>.

I am requesting you sign and return this form by December 1, 2013 so you don't forget and miss receiving this property tax credit on your property. Also, our office would like to have this application in advance of the January 15, 2014 deadline so we have ample time to process these new credits. Any applications received after January 15, 2014, will be considered applications for the next year. The deadline for filing for the 2014 assessment year and each year thereafter is March 15th.

If you have any additional questions, please do not hesitate to contact my office.

Sincerely,

Wayne Schwickerath
Story County Assessor